PB90-113945

RCRA (Resource Conservation and Recovery Act) Liability Coverage for Bodily Injury and Property Damage Survey Results

(U.S.) Environmental Protection Agency, Washington, DC

Sep 89

U.S. Department of Commerce
National Technical Information Service
NTIS

50272-101

REPORT DOCUMENTATION PAGE	1. REPORT NO. EPA/530-SW-89-043	2.	3. Recipient's Accession No. PB90 113945/AS
4. Title and Subtitle RCRA LIABILITY COVERAGE FOR BODILY INJURY AND PROPERTY DAMAGE SURVEY RESULTS			5. Report Date SEPTEMBER 1989 6.
7. Author(s) OFFICE OF SOLID WASTE			8. Performing Organization Rept. No
9. Performing Organization Name and Address U.S. EPA Office of Solid Waste 401 M. Street SW Washington, DC 20460			10. Project/Task/Work Unit No. 11. Contract(C) or Grant(G) No. (C) (G)
12. Sponsoring Organization Name and Address			13. Type of Report & Period Covered 14.

15. Supplementary Notes

16. Abstract (Limit: 200 words)

This report describes the results of a 1988 survey of selected facilities required to comply with 3rd party liability coverage requirements for bodily injury and property damage pursuant to RCRA. The EPA's Office of Solid Waste conducted this survey to help ascertain whether firms owning or operating RCRA facilities which treat, store or dispose of hazardous wastes have or are experiencing difficulty in obtaining financial assurance mechanisms, particularly insurance, to comply with these requirements.

17. Document Analysis a. Descriptors

b. Identifiers/Open-Ended Terms

c. COSATI Field/Group

18. Availability Statement	19. Security Class (This Report)	21. No. of Pages
RELEASE UNLIMITED	UNCLASSIFIED	0
	20. Security Class (This Page) UNCLASSIFIED	22. Price 0

(See ANSI-Z39.18)

OPTIONAL FORM 272 (4-77)
(Formerly NTIS-35)

United States
Environmental Protection
Agency

Office of
Solid Waste
Washington,D.C. 20460

EPA/530-SW-89-043
September 1989

PB90-113945

Solid Waste

EPA

RCRA Liability Coverage for Bodily Injury and Property Damage Survey Results

REPRODUCED BY
U.S. DEPARTMENT OF COMMERCE
NATIONAL TECHNICAL INFORMATION SERVICE
SPRINGFIELD, VA. 22161

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

RCRA LIABILITY COVERAGE FOR BODILY INJURY AND PROPERTY DAMAGE

SURVEY RESULTS

August 1989

OFFICE OF SOLID WASTE

U.S. ENVIRONMENTAL PROTECTION AGENCY

CONCURRENCES

SYMBOL	OS 341	OS 341	OS-341	OS341	OS-520			
SURNAME	[signature]	Schneider	[signature]	MH	Barry Sussman			
DATE	8/7/89	8/8/89	8/9/89	8/9/89	9/7/89			

EPA Form 1320-1 (12-70)

OFFICIAL FILE COPY

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

RCRA LIABILITY COVERAGE FOR BODILY INJURY AND PROPERTY DAMAGE

SURVEY RESULTS

March , 1989

OFFICE OF SOLID WASTE

U.S. ENVIRONMENTAL PROTECTION AGENCY

CONCURRENCES								
SYMBOL	OS 341	OS 341	OS 341	PSPD	OSW	OS520	OWPE	OSW
SURNAME	[illegible]	Schneider	M/F	Cano	M	Bromm	Stanley	[illegible]
DATE	3/16/89	3/16/89	3/23	3/30		8/11/89	8/30/89	9/8/89

EPA Form 1320-1 (12-70) OFFICIAL FILE COPY

RCRA LIABILITY COVERAGE FOR BODILY INJURY AND PROPERTY DAMAGE

SURVEY RESULTS

September 1989

OFFICE OF SOLID WASTE

U.S. ENVIRONMENTAL PROTECTION AGENCY

OVERVIEW

This report describes the results of a 1988 survey of selected facilities required to comply with third-party liability coverage requirements for bodily injury and property damage pursuant to the Resource Conservation and Recovery Act (RCRA). The Environmental Protection Agency's Office of Solid Waste conducted this survey to help ascertain whether firms owning or operating RCRA facilities which treat, store or dispose of hazardous wastes have or are experiencing difficulty in obtaining financial assurance mechanisms, particularly insurance, to comply with these requirements.

BACKGROUND

Currently, RCRA financial responsibility regulations in 40 CFR Parts 264 and 265 (§§264.147 and 265.147) require owners or operators of hazardous waste treatment, storage, and disposal facilities to have third-party liability coverage for bodily injury and property damage. This coverage must be at levels of at least $1 million per occurrence and $2 million aggregate for third-party bodily injury and property damage caused by sudden accidents arising from facility operations. In addition, owners or operators of hazardous waste land disposal facilities are required to maintain additional third-party liability coverage for nonsudden accidents at levels of at least $3 million per occurrence and $6 million aggregate. These requirements apply to owners and operators of interim status (§265.147) and permitted (§264.147) facilities.

Financial instruments that can be used to provide third-party liability coverage are also specified in the §§264.147 and 265.147 regulations. Insurance, corporate guarantees, and a financial test were the permissible instruments for liability coverage at the time of the survey was distributed (April 1988).

In addition to the liability coverage requirements, RCRA facilities are required to comply with financial requirements for closure, post-closure care, and corrective action when applicable. Ability to comply with these other financial assurance requirements was not assessed in this survey.

The Agency focused in the survey on the liability coverage requirements in response to concerns that all forms of liability coverage assurance mechanisms, especially insurance, are difficult to obtain. This survey was one of several initiatives undertaken by the Agency to respond to these concerns. This effort included a September 1, 1988 (53 FR 33938) final rule authorizing the use of additional financial instruments to meet the RCRA third-party liability coverage requirements. The survey was conducted prior to the September 1 final rule and did not assess the availability of these new financial instruments.

SURVEY OBJECTIVES

EPA designed the survey to:

- Examine the extent of use of each financial assurance instrument for liability coverage.
- Gather detailed information on third party liability insurance, including:
  - -- Availability of policies
  - -- Efforts made to obtain coverage
  - -- Scope of existing policies' coverage
  - -- Affordability of policies
  - -- Policy cancellations
  - -- Listing of companies that offer coverage.
- Determine the extent of compliance/noncompliance with financial responsibility regulations.
- Assess the level of understanding of financial responsibility regulations by the regulated community.

SURVEY INSTRUMENT

The survey instrument included thirteen basic questions. The key questions are summarized as follows:

- What, if any, financial instrument is used to demonstrate third-party liability coverage?
- Does the instrument provide coverage for sudden and/or nonsudden pollution incidents?
- How successful have attempts been to secure insurance and how many attempts were made?
- What has been the response from the insurance industry to requests for coverage and which companies offered coverage?
- If an insurance policy quotation was received, why was it rejected?
- Have insurance companies cancelled or not renewed any existing policies and, if so, what was the reason given?

The full set of questions posed is presented in Appendix 1. Respondents were required to complete the questionnaire under

Section 3007 of RCRA. The data from the survey were intended to assist the Agency in identifying potential regulatory modifications. The survey was not intended as an enforcement tool and cannot be used for that purpose. In order to encourage candid responses, the survey instrument stated that the results of the survey would not be used for enforcement purposes.

SURVEY SAMPLE

To develop the liability survey sample, EPA divided the population of RCRA facilities subject to the third-party liability requirements into three firm types: storage and treatment, disposal, and incineration. Because of the large number of storage and treatment firms, the Agency selected a statistically reliable sample of 210 out of a possible 705 firms identifiable through the RCRA Screening Survey.[1] The liability survey was sent to all firms for which addresses were available in the disposal and incineration groups. A total of 612 firms were included in the liability survey: 363 disposal firms, 39 incineration firms, and 210 storage and treatment firms. Of these 612 firms, the responses of 357 are included in the survey data base. Firms were excluded from the database on the basis of late responses, having closed or being in the process of closing a TSDF, or already having been accounted for in another response (parent answering for a subsidiary). Less than 10% of firms sent surveys failed to respond.

The 357 firms providing usable responses owned a total of approximately 1600 RCRA facilities.[2] Of these firms, 31% owned at least one storage/treatment facility, 31% owned at least one disposal facility, 17% owned a combination of storage/treatment and disposal facilities, 8% owned a combination of storage/treatment, incineration and disposal facilities, 6% owned at least one incineration facility, 2% owned a combination of storage/treatment and incineration facilities, and 1% owned a combination of incineration and disposal facilities. The types of facilities owned could not be determined for 8% of firms providing usable responses due to errors in responding to the survey.

Appendix 2 of this report contains detailed information on the methodology for selecting the survey population and final data base.

---

[1]The RCRA Screening Survey was conducted in late 1985 to collect data from every treatment, storage, disposal, and recycling facility in the country. EPA did not attempt to physically inspect facilities to verify information provided by the responding facilities; however, extensive follow-up efforts were conducted as needed to clarify responses.

[2]Third-party liability requirements are on a per firm, rather than a per facility basis (40 CFR 264.147 and 265.147).

RESULTS AND CONCLUSIONS

The responses indicate reliance on insurance and the financial test as the primary mechanisms used to comply with the RCRA third-party liability financial assurance requirements. Approximately one third of all respondents rely upon insurance and one third self assure. Although pollution liability insurance policies are reportedly available for both sudden and nonsudden incidents, the number of insurance providers is still quite limited--indicating that "speciality" providers still issue the majority of such policies. (The Agency has updated its listing of insurance providers based on the survey. The listing is filed in the RCRA docket and available to the public.)

Approximately 16% of respondents (56 firms) indicated that they were not in compliance with financial responsibility regulations (with only one respondent pleading ignorance of the requirements). We are aware of and take seriously, noncompliance with the financial responsibility requirements. Because RCRA is a delegated program, primary enforcement responsibility lies with the States. EPA has a responsibility to oversee State programs, however. Where a State does not take action to bring a facility into compliance, EPA can, and does take action.

Of the noncompliers, 49 firms reported an inability to find a compliance instrument, with 20 of those unable to do so because of cost. The September 1, 1988 final rule authorizing use of a letter of credit, surety bond, expanded corporate guarantee, trust fund, certain combinations of these and existing instruments and permitting the purchase of insurance for an owner/operator by another firm should provide some relief to those members of the regulated community finding a constrained financial assurance market.

The following tables and appendices detail the survey results and associated conclusions.

List of Tables

Part I: Instrument Availability

		Page
Table 1	Financial Instrument Use by Firms	8
Table 2	Financial Instruments Used to Cover Specific Facility Types	9
Table 3	Financial Instrument Use by Firm's Net Worth Category	10

Part II: Insurance Availability

Table 4	Insurance Policy Types in Use	12
Table 5	Insurance Policy Type by Facility Type	13
Table 6	Distribution of Coverage Amounts	14
Table 7	Effective Dates of Coverage for CGL and Non-CGL Policies	15

Part III: Compliance Effort

Table 8	Reasons for Not Complying	17
Table 9	Net Worth of RCRA Firms Reporting Noncompliance	18
Table 10A	Requests for Sudden and Nonsudden Insurance by Net Worth Category	19
Table 10B	Requests for Sudden Insurance by Net Worth Category	19
Table 10C	Requests for Nonsudden Insurance by Net Worth Category	19
Table 10D	Rejection of Insurance Quotes by Net Worth Category	21
Table 10E	Reported Exclusions	22
Table 11	Ability to Use an Instrument Other Than Insurance by Net Worth Category	23

Part I

Instrument Availability

Table 1.

Financial Instrument Use By Firms

	Percent of All Firms
Insurance Policy	34%*
Financial Test	32%
Corporate Guarantee	4%
Insurance and Corporate Guarantee	1%
Insurance and Financial Test	4%
Financial Test and Corporate Guarantee	4%
Insurance, Financial Test, and Corporate Guarantee	1%
Other Combinations of Financial Instruments	3%
Other Financial Instruments	3%
No Instrument	16%

Sample Size = 357 firms
*Percents may not equal 100 due to rounding error

- Pollution liability insurance was the most frequently used financial assurance instrument: 34% of respondents use some form of a pollution liability policy as the sole instrument; an additional 6% use insurance in combination with another assurance mechanism.

- The financial test was the second most prevalent mechanism, with 32% of all respondents claiming they self assured.

- Instruments and combinations of instruments not specifically provided by Federal regulations, but presumably allowed by authorized States or specified in enforcement decrees, were used by 6% of the responding firms.

Table 2.

Financial Instruments Used to Cover Specific Facility Types

	Storage/ Treatment	Incineration	Disposal
Insurance Policy	18%*	12%*	22%*
Financial Test	37%	33%	31%
Corporate Guarantee	1%	-	2%
Insurance and Corporate Guarantee	2%	9%	2%
Insurance and Financial Test	15%	13%	13%
Financial Test and Corporate Guarantee	14%	10%	8%
Insurance, Financial Test, and Corporate Guarantee	8%	13%	10%
Other Combinations	4%	9%	11%
Other Instruments	1%	1%	1%
No Instrument	3%	1%	4%
Number of Facilities in each category =	**833**	**91**	**575**

*Percents may not equal 100 due to rounding error

- Distribution of reported use of financial assurance instruments did not significantly vary with facility type. (Any generalizations concerning a correlation between availability of a particular instrument and the type of facility should be tempered by the fact that some overlap exists among facility classifications. See Appendix 2.)

Table 3.

Financial Instrument Use by Firm's Net Worth Category

	1	2	3	4
Insurance	53%	52%	33%	18%
Financial Test	-	20%	38%	53%
Corporate Guarantee	2%	7%	5%	5%
Insurance and Corporate Guarantee	1%	-	-	2%
Insurance and Financial Test	1%	5%	5%	6%
Financial Test and Corporate Guarantee	-	2%	-	7%
Insurance, Financial Test, and Corporate Guarantee	-	-	-	3%
Other Combinations	3%	-	-	5%
Other Instruments	4%	7%	-	1%
No Instrument	33%	7%	19%	1%
Sample Size for each =	**110**	**44**	**21**	**175**

Key to Net Worth Categories:
1=less than $10M
2=$10M to $50M
3=$50M to $100M
4=greater than $100M

- The reported use of the financial test increases proportionately with increased net worth of respondent firms.
- Insurance used most extensively by firms that could not meet the $10 million net worth requirement of the financial test. As a corollary, insurance use decreases, on a percentage basis, as firms are better able to self assure through use of the financial test.
- The highest percentage of firms voluntarily reporting noncompliance with financial responsibility regulations are smaller firms with a net worth less than $10 million.

Part II

Insurance Availability

Table 4.

Insurance Policy Types in Use

	Percent of Insurance Policies Covering Environmental Impairment
Sudden	40%*
Nonsudden	6%
Sudden & Nonsudden	36%
Pollution Liability	17%

Total Number of Policies = 186

*Percents may not equal 100 due to rounding error

- Insurance coverage for nonsudden pollution incidents was carried by 59% of all firms holding policies. (Figure includes nonsudden (6%), sudden and nonsudden (36%) and pollution liability (17%) categories.)

- All pollution policies must be viewed in conjunction with possible exclusions which serve to limit liability coverage. (See Table 10E.)

Table 5.

Insurance Policy Type by Facility Type

	Storage/ Treatment	Incineration	Disposal
Sudden	55%	61%	34%
Nonsudden	3%	13%	16%
Sudden and Nonsudden	29%	10%	34%
Pollution Liability	5%	10%	8%
Other Combinations	7%	6%	8%
Number of facilities using insurance:	**213**	**31**	**182**

- A significant proportion of respondents owning or operating disposal facilities, which are required to carry nonsudden occurrence liability assurance, were able to obtain such insurance coverage.

- Only 4% of respondents using insurance as a compliance mechanism indicated that different policies were used to cover different treatment, storage or disposal units.

Table 6.

Distribution of Coverage Limits as Set by the Policy Terms

Coverage Level: ($ millions) Per occurrence/ Annual Aggregate	Policy Type			
	Sudden	Nonsudden	Sudden/ Nonsudden	Pollution Liability
1 2	22%	-	10%	4%
1 3	4%	-	1%	-
2 4	6%	-	1%	1%
2 5	3%	-	1%	-
3 6	1%	6%	7%	1%
4 8	1%	1%	10%	1%
5 10	2%	1%	6%	4%
Other	6%	-	-	1%

Number of policies = 170

- Overall, reported insurance policies provide adequate coverage to meet RCRA's financial responsibility coverage requirements.

- Although not all reported coverage amounts appear to meet required levels, this generalization does not account for the fact that:

  - Some firms carry nonsudden liability coverage even though they are not required to do so by regulation;
  - Some firms use other instruments for amounts not covered by insurance (i.e., use a combination of instruments to demonstrate compliance).

Table 7.

Effective Dates of Coverage for CGL and Non-CGL Policies[1]

Effective Coverage Date	CGL	Non-CGL
Before Jan. 1, 1980	11%	1%
Jan. 2, 1980 to Jan. 1, 1981	1%	1%
Jan. 2, 1981 to Jan. 1, 1982	5%	-
Jan. 2, 1982 to Jan. 1, 1983	4%	2%
Jan. 2, 1983 to Jan. 1, 1984	3%	2%
Jan. 2, 1984 to Jan. 1, 1985	-	2%
Jan. 2, 1985 to Jan. 1, 1986	4%	11%
Jan. 2, 1986 to Jan. 1, 1987	13%	19%
Jan. 2, 1987 to Jan. 1, 1988	37%	36%
After Jan. 1, 1988	21%	28%
Sample size =	**75**	**102**

- Of all CGL policies, a majority were reported to have been offered and accepted during the last several years. However, this conclusion may not fully reflect actual CGL availability due to respondents reporting renewal dates rather than the effective date of coverage, as requested.

- The low percentages of policies initiating coverage in the mid 1980's reflects generally perceived liability insurance industry trends.

- Commercial General Liability (CGL) policies are apparently still in service and reportedly held by 41% of respondents that indicated compliance through use of an insurance policy.

[1] "Non-CGL policies" include policies reported to cover sudden and/or nonsudden events, and pollution liability.

Part III

Compliance Efforts

Table 8.

Reasons Given by Respondents for Not Complying with Financial Responsibility Regulations

	No. of Firms Indicating Responses	(%)*
Could not obtain a financial assurance instrument, regardless of cost	29	(53%)
Could not obtain an affordable financial assurance instrument	20	(36%)
In process of obtaining financial assurance instrument	2	(4%)
Unaware of third party liability coverage requirements	1	(2%)
Current insurance coverage has absolute environmental and pollution exclusions	1	(2%)
Could not find a provider of insurance	1	(2%)
Cannot obtain insurance because on NPL	1	(2%)

*Percents may not equal 100 due to rounding error

- 16% of all respondents indicated that a financial assurance instrument was not currently secured, although required by regulation.
- Of the 29 firms that reported an inability to obtain a financial instrument, regardless of cost, 20 firms (36% of all noncompliers) have a net worth of less than $10M.
- Of the 20 firms that reported an inability to obtain a financial instrument because of cost, 15 firms (27% of all noncompliers) have a net worth of less than $10M.
- One noncomplier reported ignorance of financial assurance requirements.

Table 9.

Net Worth of RCRA Firms Reporting Noncompliance

Net Worth Category (in millions)	Percentage* of Firms Reporting Noncompliance (Actual Number of Firms)	Percentage of Facilities Owned by Firms Reporting Noncompliance (Actual Number of Firms)
Under $10	70% (39)	43% (39)
$10-50	14% (8)	19% (17)
$50-100	7% (4)	19% (17)
Over $100	7% (4)	18% (16)
	(55)	(89)

*Percents may not equal 100 due to rounding error

- Although approximately 16% of all respondent firms reported noncompliance, those firms owned a total of approximately 6% of all facilities held by respondent firms.

- Noncompliance rates were highest for firms with a net worth of less than $10 million, i.e., those firms that could not use the financial test and were limited to insurance or a corporate guarantee at the time the survey was conducted.

Tables 10A through 10E

Summary of Insurance Coverage Requests and Insurance Industry Response

Table 10A.

Requests* for Sudden and Nonsudden Insurance By Net Worth Category

	1	2	3	4
Requests for:				
Primary coverage	36%	14%	5%	25%
Excess coverage	-	-	-	3%
Primary and Excess Coverage	8%	2%	1%	5%

Total requests = 177

Table 10B.

Requests* for Sudden Insurance By Net Worth Category

	1	2	3	4
Requests for:				
Primary coverage	19%	8%	3%	17%
Excess coverage	-	-	-	7%
Primary and Excess Coverage	14%	6%	3%	22%

Total requests = 172

Table 10C.

Requests* for Nonsudden Insurance By Net Worth Category

	1	2	3	4
Requests for:				
Primary coverage	23%	9%	6%	21%
Excess coverage	1%	-	-	4%
Primary and Excess Coverage	15%	7%	2%	13%

Total requests = 102

Key to Net Worth Categories:
1 = less than $10M
2 = $10M to $50M
3 = $50M to $100M
4 = greater than $100M

Requests for insurance:

- All firms that reported noncompliance with financial assurance regulations also reported that they had requested a coverage quotation.

- Of all respondents, firms requested quotations for the following types of coverage:

    * sudden and nonsudden: 51%
    * sudden: 49%
    * nonsudden: 29%

- Most firms requested quotes for primary insurance. However, numerous respondents also requested excess coverage.

Quotes not provided:

- A majority of respondents failed to receive insurance coverage quotations although quotes were requested. As a percent of all inquiries, the following affirmative responses, indicating that coverage was available, were received:

    * sudden and nonsudden requests: 22%
    * sudden requests: 32%
    * nonsudden requests: 20%

- The large percent of coverage quotations requested, but not provided, most probably reflects the existence of a specialty market, with a few insurers providing the majority of coverage.

Table 10D.

Rejection of Insurance Quotes
By Net Worth Category

	1	2	3	4
Rejection of:				
Sudden and nonsudden quotes	14%	6%	1%	8%
Sudden quotes	6%	2%	1%	7%
Nonsudden quotes	9%	2%	3%	4%

Key to Net Worth Categories:
1 = less than $10M
2 = $10M to $50M
3 = $50M to $100M
4 = greater than $100M

- Respondents rejected the received insurance coverage quotations at the following rates:
  - sudden and nonsudden quotes: 29%
  - sudden quotes: 16%
  - nonsudden quotes: 18%
- Rejection rates did not significantly differ across net worth categories.

Table 10E.

Reported Exclusions

Reported exclusions, as a percent of insurance policies, from most to least common:

17%	Nuclear materials
12%	Cleanup costs at non-owned disposal site
11%	Pre-existing conditions
10%	Groundwater contamination
9%	Underground storage tanks
8%	Acid rain
6%	Cleanup of contaminated soil
3%	Company's products discarded by others
3%	Fluid damage
2%	Nonsudden occurrences
2%	Damage from offshore facility
2%	Damage from noncompliance with any governmental body
2%	Chromium contamination
2%	Asbestos matter
1%	Ozone degradation from CFCs
1%	Absolute pollution exclusions
1%	All waste management units
1%	Heavy metal air emissions
1%	Damage outside insured facility
1%	Environmental damage from company's products
1%	Crude oil pipeline
1%	Intentional releases

- 72% of reported policies contain a liability exclusion clause.

Table 11.

Ability to Use an Instrument Other than Insurance By Net Worth Category

	1	2	3	4
Alternative:				
No alternative	45%	26%	25%	13%
Uncertain	32%	26%	31%	11%
No Knowledge	9%	3%	6%	2%
Corporate Guarantee	5%	19%	13%	26%
Financial Test	6%	23%	25%	38%
Other State approved	4%	3%	-	9%
Sample size =	**82**	**31**	**16**	**87**

*Percents may not equal 100 due to rounding error

Key to Net Worth Categories:
1 = less than $10M
2 = $10M to $50M
3 = $50M to $100M
4 = greater than $100M

- Approximately one half of all firms with a net worth of less than $10 million, approximately one third of all firms with a net worth between $10 and $100 million, and approximately one fifth of all firms with a net worth greater than $100 million indicated that they did not believe they could obtain a compliance mechanism other than insurance. This condition could be eased as a result of the final rule authorizing additional instruments for the coverage of third-party liability claims.

OMB Number 2050-0080
Expires 12-31-88

QUESTIONS REGARDING RCRA LIABILITY COVERAGE FOR BODILY INJURY AND PROPERTY DAMAGE TO THIRD PARTIES

Please answer all of the following questions that apply to your firm. Please mark "N/A" in the margin to the left of any question that is not applicable to your firm.

If you need more space to answer a question than is provided on this questionnaire, you should continue your answer on the back of the page that the particular question is on. You should also write in on the back of that page the question number to which the answer refers. If necessary, you may also attach, to the back of this questionnaire, additional sheets of paper to continue your answer. You should also write in on those pages the question number to which the answer refers.

(1) In the spaces below, print the name, title, telephone number, and mailing address of the person in your firm to whom EPA should direct any future communications concerning your firm's responses to this questionnaire.

Name _____
Title _____
Telephone _____
Address _____

(2) In the spaces below, write in the EPA Identification (ID) Numbers of all of the facilities that your firm owns and/or operates (except those undergoing closure or post-closure care) for which your firm must demonstrate third-party liability coverage under 40 CFR §§264.147 and/or 265.147.

_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

(3) What, if any, financial instruments does your firm currently use to demonstrate third-party liability coverage under 40 CFR §§264.147 and/or 265.1477 (Circle the number next to each applicable response below.)

(1) Insurance policy

(2) Corporate guarantee

(3) Financial test

(4) Use no financial instrument for one or more of my firm's facilities (Circle the number next to the reason(s) below why you use none.)

(5) Unaware that my firm had to demonstrate third-party liability coverage for the facility(ies)

(6) Could not obtain an affordable financial instrument

(7) Could not obtain a financial instrument, regardless of cost

(8) Other (Write in what these reasons are.) _____

(9) Other instrument(s) (Answer the questions below about the instrument(s).)

Instrument type _____

Is the instrument State-approved?* (Circle the number next to "Yes" or "No".) (1) Yes (2) No

Is the instrument approved under a consent decree or other enforcement action?* (Circle the number next to "Yes" or "No".) (1) Yes (2) No

* Some States authorized to administer their own hazardous waste programs in lieu of the federal RCRA program may allow other instruments for demonstrating liability coverage. Also, in certain enforcement actions, instruments other than those specified in 40 CFR §§264.147 and 265.147 may be allowed by the enforcing agency.

(4) For each instrument that your firm uses to demonstrate third-party liability coverage under 40 CFR §§264.147 and/or 265.147, write in on the table below:

In column (a): The instrument(s) that your firm uses;

In column (b): The type of coverage (sudden and/or nonsudden accidents, or "pollution incident"*) that the instrument provides;

In column (c): The amount of coverage, per occurrence and in aggregate, that the instrument provides;

In column (d): The EPA ID Number(s) of your facility(ies) covered by the instrument.

(a) Instrument	(b) Type of Coverage			(c) Amount of Coverage		(d) Scope of Coverage
(Write in the type of the instrument, as in the list in Question (3).)	(Place a check mark under the appropriate column(s).)			(Write in the dollar amount(s) of the coverage assured by the instrument.)		(Write in the EPA ID Number(s) of your facility(ies) that is covered by the instrument. All of your facilities noted in your answer to Question (2) should be accounted for here.)
	Sudden	Nonsudden	Pollution Incident*	Per Occurrence	Aggregate	

* An instrument may provide coverage for a "pollution incident," which does not differentiate between sudden and nonsudden accidents.

(5) Since June 1986, has your firm requested third-party liability coverage for sudden and nonsudden accidents (in a single policy) from any insurance companies? (Circle the number next to the applicable response below.)

(1) Yes -------> GO TO NEXT PARAGRAPH

(2) No -------> SKIP TO QUESTION (6)

(3) Don't know -------> SKIP TO QUESTION (6)

Instructions for Questions (5)(a)-(e)

1. If you only listed one facility in Question (2), go to Question (5)(a).
2. If you listed more than one facility in Question (2), look over Questions (5)(a)-(e). Decide whether your answers to those questions would be different for different of your facilities. If your answers would not be different, go to Question (5)(a).
3. If your answers to Questions (5)(a)-(e) would be different, you must do the following. First, mentally separate your facilities into groups. Within each group would be those facilities for which your answers to Questions (5)(a)-(e) would be the same.
4. For each of these groups, make a set of photocopies of pages 4, 5, and 6 of this questionnaire, and staple each set of these photocopied pages together.
5. Then, for each group of your facilities, write in the EPA ID Numbers of the facilities in the group in the space provided below (i.e., on your photocopy(ies) of page 4).
6. Finally, for each group of your facilities, write in your answers to Questions (5)(a)-(e) on the photocopy you made of pages 4, 5, and 6 for that group of facilities.
7. Thus, for each group of your facilities for which your answers to Questions (5)(a)-(e) are different, you will have a photocopy of pages 4, 5, and 6 of the questionnaire. Each photocopy of pages 4, 5, and 6 will show those answers and list the EPA ID Numbers of the facilities in the group to which those answers refer. You should paperclip these photocopies to the end of the questionnaire and send them all back to us.

EPA ID Numbers of your facilities to which this photocopy of Questions (5)(a)-(e) refers:

_____ _____ _____

_____ _____ _____

_____ _____ _____

(6) Since June 1986, from about how many insurance companies has your firm requested third-party liability insurance coverage for sudden and nonsudden accidents (either as part of a single general liability coverage policy or as a single separate policy)? (Write in your best estimate of the number of insurance companies, or write in "DK" for "Don't know," on the lines below.)

(Do not count any contacts with insurance companies who said that they did not offer any third-party liability insurance for RCRA facilities.)

_____ Number of insurance companies from whom my firm requested primary insurance.*

_____ Number of insurance companies from whom my firm requested excess insurance.*

* By "primary insurance," we mean an insurance policy that covers claims against your firm up to the policy's limit. By "excess insurance," we mean another insurance policy that, up to its policy limit, covers claims against your firm that exceed your firm's primary insurance policy limit.

(b) About how many of these insurance companies, from whom your firm requested coverage of sudden and nonsudden accidents, provided your firm with policy quotations (either as part of a single general liability coverage policy or as a single separate policy)? (Write in your best estimate of the number of insurance companies, or write in "DK" for "Don't know," on the lines below.)

____ Number of insurance companies that provided policy quotations to my firm for primary insurance.

____ Number of insurance companies that provided policy quotations to my firm for excess insurance.

(c) If any insurance companies did not provide your firm with policy quotations, what reasons did they give for not doing so? (Circle the number next to each applicable response below.)

(1) Insurance company does not insure my firm's type of RCRA facility

(2) Insurance company considered my firm, and/or my firm's facility(ies), to be an uninsurable risk

(3) Insurance company does not provide sudden and nonsudden accident coverage in a single policy

(4) Insurance company does not provide coverage in the amount required under 40 CFR §§264.147 and/or 265.147

(5) Insurance company considered one or more of the waste management units at my firm's facility(ies) to be an uninsurable risk

(6) Don't know why insurance company would not provide a quotation

(7) Other reasons (Write in what these reasons are.)

_____

_____

_____

_____

(d) Did your firm reject any policy quotation(s) that it obtained from insurance companies? (Circle the number next to the applicable response below.)

(1) Yes ------> GO TO QUESTION (5)(e)

(2) No ------> SKIP TO QUESTION (6)

(3) Don't know ------> SKIP TO QUESTION (6)

(e) Why did your firm reject a policy quotation that it received from an insurance company? (Circle the number next to each applicable response below.)

(1) Don't know why policy quotation was rejected by my firm

(2) Cost of premiums too high

(3) Another insurance company offered better package of services and/or coverage

(4) Insurance company wanted my firm to perform an overly expensive risk assessment and/or environmental audit

(5) Insurance company wanted my firm to obtain insurance on other environmental operations not subject to 40 CFR §§264.147 and/or 265.147 requirements

(6) Insurance company wanted my firm to upgrade our facility(ies)

(7) Coverage offered was insufficient to meet 40 CFR §§264.147 and/or 265.147 requirements (Circle the number next to each applicable coverage deficiency below.)

(8) Don't know what was insufficient about coverage offered

(9) Dollar amount of per occurrence coverage offered was too low

(10) Dollar amount of aggregate coverage offered was too low

(11) Legal defense costs were included in coverage limits

(12) Specific damages (e.g., groundwater contamination, etc.) were excluded from coverage

(13) Insurance company would not cover all of my firm's facilities

(14) Insurance company would not cover one or more of the waste management units at my firm's facility(ies)

(15) Other inappropriate exclusions from coverage (Write in what these inappropriate exclusions were.)

_____

_____

_____

(16) Other reason(s) for rejecting policy quotation (Write in what these reasons were.)

_____

_____

_____

(5) Since June 1986, has your firm requested third-party liability coverage for sudden accidents from any insurance companies? (Circle the number next to the applicable response below.)

(1) Yes -------> GO TO NEXT PARAGRAPH

(2) No -------> SKIP TO QUESTION (7)

(3) Don't know -------> SKIP TO QUESTION (7)

Instructions for Questions (6)(a)-(e)

1. If you only listed one facility in Question (2), go to Question (6)(a).
2. If you listed more than one facility in Question (2), look over Questions (6)(a)-(e). Decide whether your answers to those questions would be different for different of your facilities. If your answers would not be different, go to Question (6)(a).
3. If your answer to Questions (6)(a)-(e) would be different, you must do the following. First mentally separate your facilities into groups. Within each group would be those facilities for which your answers to Questions (6)(a)-(e) would be the same.
4. For each of these groups, make a set of photocopies of pages 7, 8, and 9 of this questionnaire, and staple each set of these photocopied pages together.
5. Then, for each group of your facilities, write in the EPA ID Numbers of the facilities in the group in the space provided below (i.e., on your photocopy(ies) of page 7).
6. Finally, for each group of your facilities, write in your answers to Question (6)(a)-(e) on the photocopy you made of pages 7, 8, and 9 for that group of facilities.
7. Thus, for each group of your facilities for which your answers to Questions (6)(a)-(e) are different, you will have a photocopy of pages 7, 8, and 9 of the questionnaire. Each photocopy of pages 7, 8, and 9 will show those answers and list the EPA ID Numbers of the facilities in the group to which those answers refer. You should paperclip these photocopies to the end of this questionnaire and send them all back to us.

EPA ID Numbers of your facilities to which this photocopy of Questions (6)(a)-(e) refers:

_____ _____ _____

_____ _____ _____

_____ _____ _____

(a) Since June 1986, from about how many insurance companies has your firm requested third-party liability insurance coverage for sudden accidents (either as part of a general liability coverage policy or as a separate policy)? (Write in your best estimate of the number of insurance companies, or write in "DK" for "Don't know," on the lines below.)

(Do not count any contacts with insurance companies who said that they did not offer any third-party liability insurance for RCRA facilities.)

_____ Number of insurance companies from whom my firm requested primary insurance.*

_____ Number of insurance companies from whom my firm requested excess insurance.*

* By "primary insurance," we mean an insurance policy that covers claims against your firm up to the policy's limit. By "excess insurance," we mean another insurance policy that, up to its policy limit, covers claims against your firm that exceed your firm's primary insurance policy limit.

(b) About how many of these insurance companies, from whom your firm requested coverage of sudden accidents, provided your firm with policy quotations (either as part of a general liability coverage policy or as a separate policy)? (Write in your best estimate of the number of insurance companies, or write in "DK" for "Don't know," on the lines below.)

____ Number of insurance companies that provided policy quotations to my firm for primary insurance.

____ Number of insurance companies that provided policy quotations to my firm for excess insurance.

(c) If any insurance companies did not provide your firm with policy quotations, what reasons did they give for not doing so? (Circle the number next to each applicable response below.)

(1) Insurance company does not insure my firm's type of RCRA facility

(2) Insurance company considered my firm, and/or my firm's facility(ies), to be an uninsurable risk

(3) Insurance company does not provide sudden accident coverage

(4) Insurance company does not provide coverage in the amount required under 40 CFR §§264.147 and/or 265.147

(5) Insurance company only offered a combined policy of sudden and nonsudden coverage, which my firm did not prefer

(6) Insurance company considered one or more of the waste management units at my firm's facility(ies) to be an uninsurable risk

(7) Don't know why insurance company would not provide a quotation

(8) Other reasons (Write in what these reasons are.)

_____

_____

_____

_____

_____

(d) Did your firm reject any policy quotation(s) that it obtained from insurance companies? (Circle the number next to the applicable response below.)

(1) Yes -------> GO TO QUESTION (6)(e)

(2) No -------> SKIP TO QUESTION (7)

(3) Don't know -------> SKIP TO QUESTION (7)

(e) Why did your firm reject a policy quotation that it received from an insurance company? (Circle the number next to EACH applicable response below.)

(1) Don't know why policy quotation was rejected by my firm

(2) Cost of premiums too high

(3) Another insurance company offered better package of services and/or coverage

(4) Another insurance company offered coverage for nonsudden, as well as sudden, accidents, which my firm preferred

(5) Insurance company wanted my firm to perform an overly expensive risk assessment and/or environmental audit

(6) Insurance company wanted my firm to obtain insurance on other environmental operations not subject to 40 CFR §§264.147 and/or 265.147 requirements

(7) Insurance company wanted my firm to upgrade our facility(ies)

(8) Coverage offered was insufficient to meet 40 CFR §§264.147 and/or 265.147 requirements. (Circle the number next to EACH applicable coverage deficiency below.)

(9) Don't know what was insufficient about coverage offered

(10) Dollar amount of per occurrence coverage offered was too low

(11) Dollar amount of aggregate coverage offered was too low

(12) Legal defense costs were included in coverage limits

(13) Specific damages (e.g., groundwater contamination, etc.)were excluded from coverage

(14) Insurance company would not cover all of my firm's facilities

(15) Insurance company would not cover one or more of the waste management units at my firm's facility(ies)

(16) Other inappropriate exclusions from coverage (Write in what these inappropriate exclusions were.)

_____

_____

_____

(17) Other reason(s) for rejecting policy quotation (Write in what these reasons were.)

_____

_____

_____

(7) Since June 1986, has your firm requested third-party liability coverage for nonsudden accidents from any insurance companies? (Circle the number next to the applicable response below.)

(1) Yes ------> GO TO NEXT PARAGRAPH

(2) No ------> SKIP TO QUESTION (8)

(3) Don't know ------> SKIP TO QUESTION (8)

Instructions for Questions (7)(a)-(e)

1. If you only listed one facility in Question (2), go to Question (7)(a).
2. If you listed more than one facility in Question (2), look over Questions (7)(a)-(e). Decide whether your answers to those questions would be different for different of your facilities. If your answers would not be different, go to Question (7)(a).
3. If your answers to Questions (7)(a)-(e) would be different, you must do the following. First, mentally separate your facilities into groups. Within each group would be those facilities for which your answers to Questions (7)(a)-(e) would be the same.
4. For each of these groups, make a set of photocopies of pages 10, 11, and 12 of the questionnaire, and staple each set of these photocopied pages together.
5. Then, for each group of your facilities, write in the EPA ID Numbers of the facilities in the group on the space provided below (i.e., on your photocopy(ies) of page 10).
6. Finally, for each group of your facilities, write in your answers to Questions (7)(a)-(e) on the photocopy you made of pages 10, 11, and 12 for that group of facilities.
7. Thus, for each group of your facilities for which your answers to Questions (7)(a)-(e) are different, you will have a photocopy of pages 10, 11, and 12 of the questionnaire. Each photocopy of pages 10, 11, and 12 will show those answers and list the EPA ID Numbers of the facilities in the group to which those answers refer. You should paperclip these photocopies to the end of the questionnaire and send them all back to us.

EPA ID Numbers of your facilities to which this photocopy of Questions (7)(a)-(e) refers:

_____ _____ _____

_____ _____ _____

_____ _____ _____

(a) Since June 1986, from about how many insurance companies has your firm requested third-party liability insurance coverage for nonsudden accidents (either as part of a general liability coverage policy or as a separate policy)? (Write in your best estimate of the number of insurance companies, or write in "DK" for "Don't know," on the lines below.)

(Do not count any contacts with insurance companies who said that they did not offer any third-party liability insurance for RCRA facilities.)

____ Number of insurance companies from whom my firm requested primary insurance.*

____ Number of insurance companies from whom my firm requested excess insurance.*

* By "primary insurance," we mean an insurance policy that covers claims against your firm up to the policy's limit. By "excess insurance," we mean another insurance policy that, up to its policy limit, covers claims against your firm that exceed your firm's primary insurance policy limit.

(b) About how many of these insurance companies, from whom your firm requested coverage of nonsudden accidents, provided your firm with policy quotations (either as part of a general liability coverage policy or as a separate policy)? (Write in your best estimate of the number of insurance companies, or write in "DK" for "Don't know," on the lines below.)

____ Number of insurance companies that provided policy quotations to my firm for primary insurance.

____ Number of insurance companies that provided policy quotations to my firm for excess insurance.

(c) If any insurance companies did not provide your firm with policy quotations, what reasons did they give for not doing so? (Circle the number next to each applicable response below.)

(1) Insurance company does not insure my firm's type of RCRA facility

(2) Insurance company considered my firm, and/or my firm's facility(ies), to be an uninsurable risk

(3) Insurance company does not provide nonsudden accident coverage

(4) Insurance company does not provide coverage in the amount required under 40 CFR §§264.147 and/or 265.147

(5) Insurance company only offered a combined policy of sudden and nonsudden coverage, which my firm did not prefer

(6) Insurance company considered one or more of the waste management units at my firm's facility(ies) to be an uninsurable risk

(7) Don't know why insurance company would not provide a quotation

(8) Other reasons (Write in what these reasons are.)

_____

_____

_____

_____

_____

(d) Did your firm reject any policy quotation(s) that it obtained from insurance companies? (Circle the number next to the applicable response below.)

(1) Yes ------> GO TO QUESTION (7)(e)

(2) No ------> SKIP TO QUESTION (8)

(3) Don't know ------> SKIP TO QUESTION (8)

(e) Why did your firm reject a policy quotation that it received from an insurance company? (Circle the number next to each applicable response below.)

(1) Don't know why policy quotation was rejected by my firm

(2) Cost of premiums too high

(3) Another insurance company offered better package of services and/or coverage

(4) Another insurance company offered coverage for sudden, as well as nonsudden, accidents, which my firm preferred

(5) Insurance company wanted my firm to perform an overly expensive risk assessment and/or environmental audit

(6) Insurance company wanted my firm to obtain insurance on other environmental operations not subject to 40 CFR §§264.147 and/or 265.147 requirements

(7) Insurance company wanted my firm to upgrade our facility(ies)

(8) Coverage offered was insufficient to meet 40 CFR §§264.147 and/or 265.147 requirements (Circle the number next to each applicable coverage deficiency below.)

(9) Don't know what was insufficient about coverage offered

(10) Dollar amount of per occurrence coverage offered was too low

(11) Dollar amount of aggregate coverage offered was too low

(12) Legal defense costs were included in coverage limits

(13) Specific damages (e.g., groundwater contamination, etc.) were excluded from coverage

(14) Insurance company would not cover all of my firm's facilities

(15) Insurance company would not cover one or more of the waste management units at my firm's facility(ies)

(16) Other inappropriate exclusions from coverage (Write in what these inappropriate exclusions were.)

_____

_____

_____

(17) Other reason(s) for rejecting policy quotation (Write in what these reasons were.)

_____

_____

_____

(8) [IF YOUR FIRM DOES NOT CURRENTLY USE INSURANCE TO DEMONSTRATE THIRD-PARTY LIABILITY COVERAGE UNDER 40 CFR §§264.147 AND/OR 265.147, SKIP TO QUESTION (12).]

If your firm does use insurance for this purpose, write in on the table below:

In column (a): The name(s) of your insurance company(ies);

In column (b): The type of coverage (sudden and/or nonsudden accidents or "pollution incident") that the insurance provides;

In column (c): The month and year in which coverage from the insurance policy originally became effective (not its most recent renewal date);

In column (d): The total annual premium payment for the insurance (for pollution liability only). (If the premium for coverage of sudden and/or nonsudden accidents or a "pollution incident" cannot be separated from the premium for insurance for other purposes, write in "UNK" in column (d).)

In column (e): Whether the insurance policy is a Comprehensive General Liability (CGL) policy.

(a) Name of Insurance Company	(b) Type of Coverage (Place a check mark under the appropriate column(s))			(c) Effective Date of Coverage (Month/Year)	(d) Premium Payment ($/Year)	(e) CGL Policy (Yes/No)
	Sudden	Nonsudden	Pollution incident			
1.						
2.						
3.						
4.						
5.						

(9) Does your firm have different insurance policies covering some different waste management units at its facility(ies), or one or more policies covering every type of waste management unit at its facility(ies)? (Circle the number next to the applicable response below.)

(1) My firm has different policies covering some different waste management units at its facility(ies) ------> GO TO QUESTION (9)(a)

(2) My firm's insurance policy(ies) covers every type of waste management unit at my firm's facility(ies) ------> SKIP TO QUESTION (10)

(3) Don't know ------> SKIP TO QUESTION (10)

(a) Is one reason why your firm has different insurance policies for different waste management units because insurance companies would not cover all of your firm's waste management units under one policy? (Circle the number next to the applicable response below.)

(1) Yes ------> GO TO QUESTION (9)(b)

(2) No ------> SKIP TO QUESTION (10)

(3) Don't know ------> SKIP TO QUESTION (10)

(b) Which of your firm's waste management units did insurance companies not want to cover under the same policy as other of your firm's waste management units? (Circle the number next to each applicable response below.)

(1) Landfill

(2) Land treatment

(3) Surface impoundments (for treatment, storage, or disposal)

(4) Storage in tanks or containers

(5) Treatment in tanks or containers

(6) Incineration

(7) Waste pile

(8) Other (Write in what these units are.) _____

(10) Do the any insurance policy that your firm uses (for liability coverage under 40 CFR §§264.147 and/or 265.147) exclude from its coverage one or both of the following:

-- Any claims arising from an identified release from a particular waste management unit at your firm's facility(ies), and/or

-- Any claims arising from a particular type of environmental damage (e.g., groundwater contamination)?

(Circle the number next to the applicable response below.)

(1) No

(2) Don't know

(3) Yes (Write in a brief description of what type(s) of waste management units and/or environmental damages are excluded from your firm's policy(ies).)

_____

_____

(11) To obtain your current insurance policy(ies) for the 40 CFR §§264.147 and/or 265.147 requirements, which, if any, of the following actions did your insurer(s) require your firm to take, and about how much did it cost your firm? (Circle the number next to each applicable response below, and write in the approximate dollar cost of the action(s) that your firm took.)

(1) No actions were required of my firm by my firm's insurer(s)

(2) Perform a risk assessment/environmental audit of my firm's facility(ies) (Write in below this action's approximate cost to your firm.)

Approximate cost to my firm _____

(3) Obtain insurance for other of my firm's environmental operations that are not subject to 40 CFR §§264.147 and/or 265.147 requirements (Write in below this action's approximate cost to your firm.)

Approximate cost to my firm _____

(4) Upgrade and/or obtain additional and/or better equipment at my firm's facility(ies) (Write in below this action's approximate cost to your firm.)

Approximate cost to my firm _____

(5) Other (Write in what these actions were, and the approximate cost of each.) _____

_____

_____

_____

_____

(12) Did your firm use insurance to demonstrate third-party liability coverage under 40 CFR §§264.147 and/or 265.147 anytime during 1987? (Circle the number next to the applicable response below.)

(1) Yes ------> GO TO QUESTION (12)(a)

(2) No ------> SKIP TO QUESTION (13)

(3) Don't know ------> SKIP TO QUESTION (13)

(a) During 1987, was your firm aware that an insurance policy that it was using to demonstrate third-party liability coverage under 40 CFR §§264.147 and/or 265.147 was to be cancelled or not renewed for one or more of its facilities ? (Circle the number next to the applicable response below.)

(1) Yes, a policy was cancelled or not renewed during 1987, or my firm was notified during 1987 that in the future a policy would be cancelled or not renewed ------> GO TO NEXT PARAGRAPH

(2) No ------> SKIP TO QUESTION (13)

(3) Don't know ------> SKIP TO QUESTION (13)

Instructions for Questions (12)(b) -(c)

1. If you only listed one facility in Question (2), go to Question (12)(b).
2. If you listed more than one facility in Question (2), look over Questions (12)(b)-(c). Decide whether your answers to those questions would be different for different of your facilities. If your answers would not be different, go to Question (12)(b).
3. If your answers to Questions (12)(b)-(c) would be different, you must do the following. First, mentally separate your facilities into groups. Within each group would be those facilities for which your answers to Questions (12)(b)-(c) would be the same.
4. For each of these groups, make a set of photocopies of pages 16 and 17 of the questionnaire, and staple each set of these photocopied pages together.
5. Then, for each group of your facilities, write in the EPA ID Numbers of the facilities in the group in the space provided below (i.e., on your photocopy(ies) of page 16).
6. Finally, for each group of your facilities, write in your answers to Questions (12)(b)-(c) on the photocopy you made of pages 16 and 17 for that group of facilities.
7. Thus, for each group of your facilities for which your answers to Questions (12)(b)-(c) are different, you will have a photocopy of pages 16 and 17 of the questionnaire. Each photocopy of pages 16 and 17 will show those answers and list the EPA ID Numbers of the facilities in the group to which those answers refer. You should paperclip these photocopies to the end of the questionnaire and send them all back to us.

EPA ID Numbers of your facilities to which this photocopy of Questions (12)(b) and (c) refers:

_____ _____ _____

_____ _____ _____

_____ _____ _____

(b) What type(s) of third-party liability coverage was, or will be, cancelled or not renewed? (Circle the number next to each applicable response below.)

(1) Sudden accidents

(2) Nonsudden accidents

(3) Pollution incidents

(4) Don't know

(c) What reason(s) did the insurance company(ies) give for cancelling or not renewing your firm's insurance policy(ies)? (Circle the number next to each applicable response below.)

(1) Don't know

(2) Insurance company gave no reason

(3) Insurance company considered one or more of my firm's facilities to be an unacceptable risk

(4) Insurance company stopped offering this type of insurance to anyone

(5) My firm's non-payment of insurance premium

(6) Insurance company no longer offered coverage to my firm's type of facility(ies)

(7) Insurance company considered one or more of the waste management units at my firm's facility(ies) to be an uninsurable risk

(8) Insurance company no longer offered pollution liability coverage to anyone

(9) Other (Write in what these reasons are.) _____

_____

_____

(13) Does your firm currently use, or is it trying to find, insurance to demonstrate third-party liability coverage under 40 CFR §§264.147 and/or 265.147? (Circle the number next to the applicable response below.)

(1) Yes -------> GO TO QUESTION (13)(a)

(2) No -------> SKIP TO THE END OF THIS QUESTIONNAIRE--YOU'RE DONE

(3) Don't know -------> GO TO QUESTION (13)(a)

(a) What, if any, other financial instruments could your firm use to demonstrate third-party liability coverage for its facility(ies)? (Circle the number next to each applicable response below.)

(1) No other financial instruments could be used

(2) Uncertain if other financial instruments could be used

(3) Don't know about other financial instruments

(4) Corporate guarantee (This instrument is described in 40 CFR §§264.147(g) and 265.147(g).)

(5) Financial test (This instrument is described in 40 CFR §§264.147(f) and 265.147(f).)

(6) Other State-approved financial instrument(s)*

(Write in what each such instrument is.) _____

_____

_____

* Some States authorized to administer hazardous waste programs in lieu of the federal RCRA program may allow additional instruments for demonstrating liability coverage.

THANK YOU for answering our questions.

Please Return To:
RCRA Facility Survey
P.O. Box 215
Dunn Loring, Virginia 22027

APPENDIX 2

1.0 INTRODUCTION

This appendix outlines the procedures the U.S. Environmental Protection Agency (EPA or the Agency) used to conduct a pre-test of, and to select the respondents for, the Subpart H liability survey of owners of RCRA treatment, storage, and disposal facilities (TSDFs) (including incineration facilities). The remainder of this appendix is divided into two major sections. Section 2 describes the pre-test of the liability survey. Section 3 explains the procedures for selecting the survey's recipients.

2.0 Liability Survey Pre-Test

To evaluate a draft of the liability survey questionnaire before administering it to the full sample of TSDF owners, the Agency conducted a pre-test to identify (1) ambiguities in the survey questions, (2) problems in the questionnaire structure that might inhibit survey participants from answering questions accurately or completely (e.g., were instructions clear and was it easy to identify which questions to answer), and (3) questions that should be added or deleted. The following sections describe the pre-test in more detail.

2.1 Pre-test Sample Selection

For several reasons, pre-test participants were not selected randomly from among TSDF owners. First, because a key purpose of the liability survey was to determine the availability of insurance and to identify factors affecting the use of insurance to comply with the liability coverage regulations, the Agency selected firms for the pre-test that were most likely to use insurance (i.e., firms unlikely to be eligible for the financial test or corporate guarantee). Therefore, the Agency focused on firms owning incineration or storage and treatment facilities that had a net worth of under $12 million, and disposal facility owners with a net worth of under $48 million--the minimum eligibility criteria for using the financial test for liability coverage. The Agency obtained financial information on TSDF owners from the RCRA Firm/Facility/Financial database (F3DB), which is further described in Section 3.2.

Second, because the full survey sample would include disposal, incineration, and storage and treatment facilities, the Agency included a representative from each of those groups in the pre-test sample. Third, because participation in the pre-test was voluntary, pre-test questionnaires were sent only to owners who agreed to participate in the pre-test. Firms were contacted by telephone to request their participation prior to receiving the questionnaires. The nature of the pre-test was described to

the firms and all initially indicated that the liability coverage requirements applied to them and that they were willing to cooperate.

2.2 Administration of Pre-Test

Questionnaires were sent in November 1987 to nine TSDF owners who agreed to participate in the pre-test, including one land disposal facility owner, two incineration facility owners, and six storage and treatment facility owners. Pre-test participants were asked to complete and return the questionnaires within 30 days, and to include with their responses any comments regarding the questionnaire's content, the wording of questions, the amount of time needed to complete the questionnaire, and how they might improve the questionnaire. Follow-up telephone interviews were also conducted with each pre-test participant before the questionnaires were returned to EPA to solicit directly from them any comments regarding the questionnaire.

2.3 Pre-Test Results

Completed questionnaires were received from five pre-test participants, including one incineration facility owner, and four storage and treatment facility owners. The other four pre-test participants did not complete the questionnaire because they determined after receiving it that they were not subject to the liability coverage requirements, either because they in fact did not own TSDFs or they had recently closed their facility. Based on information from the telephone interviews and written comments on the questionnaire, a number of changes were made to the questionnaire, including changes in the wording and format of questions, and the addition of a question suggested by one of the participants.

3.0 SELECTION OF LIABILITY SURVEY RECIPIENTS

The purpose of the survey was to determine the availability of liability insurance to owners or operators subject to the Subpart H liability coverage requirements. Therefore, the survey universe was limited to firms owning active TSDFs. Because the Subpart H liability coverage regulations are applicable on a per-firm rather than per-facility basis, the survey universe was composed of the firms owning facilities, rather than the facilities themselves. In addition, even though liability coverage for a TSDF is required until the facility has been certified as closed, only owners of currently operating facilities were to be surveyed in order to focus on owners most likely to be concerned with the current and future market for liability insurance.

3.1 Sample Population

The Agency relied on the RCRA Screening Survey[1] for up-to-date information on the status of active RCRA TSDFs. A total of 5,294 TSDFs responded to the Screening Survey, of which 3,099 stated that they were active at the time that the survey was conducted.

Although the Screening Survey was conducted over two years before the liability survey, it provides a good representation of the universe subject to the Subpart H requirements. If any owners indicated on their returned liability survey questionnaire that they no longer had active TSDFs (i.e., they had closed their facilities since the time of the Screening Survey), they were subsequently dropped from the liability survey sample.

A potential bias of using the Screening Survey facility list, however, is that any TSDF that began operations after that survey was initiated would not be included in the liability survey. It is unlikely, however, that this would cause a significant bias because relatively few new TSDFs have been established since late 1985. Furthermore, if any of these new TSDFs are owned by firms that responded to the Screening Survey, these new TSDFs would be reflected in the liability survey's sample population because the liability survey responses were to account for all of an owner's currently active TSDFs.

3.2 Determination of Facility Ownership

Because liability coverage is required on a per-firm basis, the next step was to determine the ownership of the 3,099 facilities in order to select a sample of firms for the survey. Facility ownership was based on information from the F3DB.[2] Of the 3,099 TSDFs from the Screening Survey, the EPA Facility Identification Numbers (FCIDs) of 2,654 of them (85.6 percent) matched facilities in the F3DB. Thus, the owners of these facilities were readily identified through information on the F3DB. Of those 445 Screening Survey TSDFs whose FCIDs did not match any FCIDs on the F3DB, the names of the owners of 153 facilities reported on the Screening Survey matched names on the F3DB. An additional 36 facilities were found to be owned by the Federal or State governments, which were dropped from

---

[1]See page 4, footnote 1.

[2]The F3DB, a computerized data system, contains facility-specific data and financial and ownership data for owners of TSDFs identified as active on EPA's October 1986 Hazardous Waste Data Management System (HWDMS). The F3DB links facilities to their immediate owner and corporate parents based on information from Standard & Poor's Compustat financial services, Business Information Reports from Dun & Bradstreet, the Directory of Corporate Affiliations, and financial journals. The database reflects changes in ownership through December 1987.

consideration because these government entities are exempt from liability coverage requirements. Therefore, of the 3,099 active TSDFs in the Screening Survey, owners of 2,843 of them (91.7 percent) were identified.

The remaining 256 facilities were dropped from further consideration because of the lack of readily available information on facility ownership. Because of the small number of facilities excluded (8.3 percent) and the possibility that some of these TSDFs are owned by firms already included in the liability survey sample (because they own other TSDFs that were matched with the F3DB), this omission is unlikely to bias the results.

3.3 Determination of Facility and Firm Types

To select respondents that represent the universe of TSDFs (discussed in Section 3.4), it was necessary to categorize each facility as either a disposal, incineration, or storage and treatment facility. Based on information from HWDMS on types of processes at facilities (HWDMS variable C305), facilities were categorized as follows:

- Disposal;
- Underground injection;
- Clean-closed (i.e., all land disposal units have been cleaned to regulated standards, but the facility may have active storage and treatment units);
- Incineration; or
- Storage and treatment.

Underground injection facilities were dropped from further consideration because they are not subject to the Subpart H liability coverage regulations. Facilities with a clean-closed designation were categorized as storage and treatment facilities. TSDFs designated as a disposal, incineration, or storage and treatment facility were categorized as such, respectively.

In cases where information was unavailable on HWDMS, information contained in the RCRA Screening Survey for each TSDF's operations was used. Before designating a facility's overall type, it was necessary to determine the type(s) of waste management practices at the facility. Based upon the Screening Survey's information, certain types of waste management practices were grouped together under the broad categories of disposal, incineration, or storage and treatment as follows:

Disposal:

Treatment Impoundment
Storage Impoundment
Disposal Impoundment
Landfill
Land Treatment

Incineration:

Liquids Incineration
Solids Incineration

Storage and Treatment Only:

Biological Wastewater Treatment
Stream-stripping Wastewater Treatment
Other Wastewater Treatment
Solidification
Other Treatment
Other Storage
Solvent Recovery
Reuse as Fuel
Other Recycling

If a facility had at least one disposal unit, that facility was defined as a disposal facility, regardless of the existence of other waste management unit types (i.e., incinerator, storage, or treatment). If the facility had no disposal units but at least one incinerator, the facility was categorized as an incineration facility, regardless of whether the facility also had storage or treatment units. Finally, if the facility had neither disposal nor incinerator units, but had at least one storage or treatment unit, the facility was categorized as a storage and treatment facility.

Once each TSDF had been categorized as either a disposal, incineration, or storage and treatment facility, firm types were assigned to the owners of these facilities. If a firm owned only one type of facility, the firm type would be the same as the type of its facility(ies). If a firm owned facilities of different types, the same hierarchical approach described above was used to categorize firm type (e.g., a firm with at least one disposal facility is a disposal firm, etc.). The final distribution of firms by type is as follows:

Disposal Firms:	363
Incineration Firms:	39
Storage and Treatment Firms:	705
Total Firms	1107

3.4 Sample and Census Selection

Because of the large number of storage and treatment firms, a sample of firms was surveyed. A sample of 210 storage and treatment firms was selected to ensure adequate statistical reliability for the sample. (Assuming that five percent of the firms would not respond, 200 responses provide statistically reliable results.) To reduce the potential statistical sampling error, the sample was stratified on the basis of multiple facility ownership. Because multiple facility ownership was readily determinable from the available data and was considered a potentially significant characteristic in the study, it was viewed as an appropriate characteristic for stratifying the sample. A random sample was then selected from each of the groups based on the group's relative share of the total sample population. Of the 705 storage and treatment firms, 29 percent (i.e., 504 firms) own only one TSDF. Therefore, using these proportions, of the 210 storage and treatment firms in the sample, 29 percent of them--i.e., 60 firms--own multiple facilities. The remaining 150 firms own only one facility. Firms in both storage and treatment groups were randomly selected using a statistically valid random number generator.

Because the total sample populations of disposal and incineration firms were relatively small, EPA decided to send a questionnaire to all firms in each group. Therefore, a total of 612 firms were to be included in the liability survey--363 disposal firms, 39 incineration firms, and 210 storage and treatment firms.

3.5 Determination of Mailing Addresses

Addresses for publicly-held corporations selected as survey recipients were obtained from the 1988 edition of the Directory of Corporate Affiliations, a directory of public companies and their subsidiaries. The primary source for private company addresses was Dun & Bradstreet Business Information Reports, most of which were from 1987. Addresses for 10 public or private companies not found in either of these two sources were found through the on-line TRINET Business Information System computer service. Mailing addresses were unavailable for only six of the 612 owners selected (all disposal firms).

3.6 Follow-Up Efforts to Enhance Survey Responses

In the cover letter accompanying the questionnaire sent to the sample firms in late April of 1988, the firms were instructed to complete and return the questionnaire within 60 days. After this deadline, the Agency sent a letter to those firms that had not yet returned their questionnaires and that had not requested time extensions. This July 8, 1988, letter instructed the firms to return their completed questionnaires within 30 days or face possible enforcement action for their failure to comply with the RCRA §3007 information request. September 12, 1988 was selected

as the last day on which questionnaires would be accepted for inclusion in the database. In addition to this follow-up effort for non-respondents, attempts were made to obtain sample firms' most current addresses when mailings were returned to the Agency due to outdated addresses.

The responses of 357 firms are included in the survey database. These firms, plus the questionnaires of those firms that responded after the September 12, 1988, deadline, account for 395 of the 606 firms in the sample (some firms' questionnaires included responses for themselves and other firms--typically their subsidiaries--in the sample). Of the 211 remaining sample firms, 93 claimed to have no TSDFs subject to the liability coverage requirements, 48 stated that their facilities were undergoing closure or post-closure care, and 9 indicated that their firms no longer operated the TSDFs in question. Only 61 of the original 612 sample firms have not responded to the survey (for a number of these non-respondents, the Agency was unable, after multiple attempts, to obtain the firms' most current addresses to which to send the questionnaires).

In addition to its efforts to increase the response rate to the survey, the Agency also attempted to enhance the quality of the survey responses. Each of the questionnaires was examined for several types of omissions and internal inconsistencies in responses (e.g., a firm stating that it used insurance but that did not list the name of its insurer). Respondents were then telephoned to resolve these problems and revisions in their responses are now reflected in the survey database.